

MINUTES  
Policemen's Pension and Relief Fund  
Thursday, June 21, 2012

On Thursday, June 21, 2012 at approximately 9:00 a.m., a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

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**Agenda Item #1. Call to Order/Roll Call**

The Chairman called the meeting to order at approximately 9:00 a.m. and certified that a quorum of the Board was present. The Roll Call was as follows

PRESENT: Mr. Bruce Moore, Chairman; Ms. Sara Lenehan, Treasurer; Mr. Lee Harrod, Secretary; Mr. Farris Hensley, Member; Mr. Rusty Watson, Member; Mr. James Arnold, Member; Mr. Kevin Tendle, Member. All members of the Board were present.

Also present were Ms. Joan Adcock, Little Rock City Board of Director; Mr. Tom Carpenter, Little Rock City Attorney; Ms. Kim Chavis, Attorney for the City of Little Rock; Mr. Bo Brister of Stephens Capital Management, Financial Consultant for the Fund; Ms. Debbie Pharr and Ms Kathy Lindsey, of the Pension Fund Administrative Staff.

**Agenda Item #2. Notification of News Media.**

The Chairman noted that the media had been properly notified in a letter to the Arkansas Democrat Gazette dated June 19, 2012.

**Agenda Item #3. Report from Board Financial Consultant**

Mr. Bo Brister, Financial Consultant for the Pension Fund, gave the May 2012 financial report and stated that on May 31, 2012, the market value of the total Fund was \$41,667,456. This represents a decrease in the account balance of \$1,320,854 since April 30, 2012. The component of this change was income of \$73,757.07. There were net contribution/withdrawals of \$1,989.37. Of the market Fund balance, approximately \$22,701,296.96 was allocated to DROP. The over-all rate of return for the Fund during the month of May was a negative (3.08%), and 3.06% year to date. The average over-all effective rate of return from (1986-2011) was approximately 7.30%. It was also noted that the First Security Bank checking account currently has a balance of \$1,261.324.12.

**Agenda Item #4. Approval of April Minutes**

Mr. Hensley made a motion to approve the May minutes and Ms. Lenehan seconded that motion. A vote was then taken to approve the May minutes, and the motion passed by a unanimous vote of the Board.

**Agenda Item #5. Report from City Attorney**

Mr. Carpenter introduced to the Board, Ms. Kim Chavis who is an Assistant City Attorney. He said that she would be the attorney assigned to the Pension Board to assist with legal matters.

Mr. Carpenter reported concerning the resolution to allow surviving spouses to continue receiving monthly benefits when they remarry. He explained that he has been unable to locate a previous resolution from the Board that would have been required to authorize surviving spouses to receive monthly benefits after having been married for a period of five (5) years. Mr. Hensley stated that although the resolution would have been several years ago, he thought that the five (5) year marriage issue was included in one of the previous benefit increase resolutions that was approved by the local Board and subsequently by the Arkansas Fire and Police Pension Review Board (PRB). Mr. Moore also said that he remembered a previous resolution several years ago pertaining to same matter. Mr. Carpenter told the Board that he would further research the matter in an attempt to locate the resolution. It was then tabled until the July meeting.

**Agenda Item #6. Report of Board Lobbyist**

Mr. Smith was not present at the meeting due to a prior commitment.

**Agenda Item #7. Report of Funding Committee**

(This committee met at 8:30 A.M. in the Sister Cities Conference Room)

A. Discussion of LOPFI consolidation; was tabled pending a report from the actuary.

B. Report on Court Fines and Fees, etc.; was tabled until the July meeting.

**(Out of Agenda Order)**

C. Discussion of Supplement Program for Members

Chairman Joan Adcock called the meeting to order and asked that the committee discuss creating a supplement program for members of the Fund. Ms. Lenehan reported that Mr. Moore had previously committed \$460,531.00 to the Fund as a one-time payment to the Fund in the event the Sales Tax Initiative passed. Ms. Lenehan further explained that the money was being held in a special project account waiting for a final determination from the Police Pension Board to either deposit it into the Pension Fund account, or to create a local supplement program for members.

Mr. Watson asked if the one time funding would better serve members of the Fund if it were deposited into the Pension Fund account, verses a direct distribution to members through a new supplement program. Ms. Lenehan explained that a one time distribution of this nature into the Pension Fund account would not have a significant impact from an actuarial funding perspective, and would not substantially lower the Pension Fund's

“unfunded liability”. She further explained that re-occurring revenue sources are primarily what substantially impacts the funding liability status.

Following a lengthy discussion by the Funding Committee, a decision was made to ask the City of Little Rock to create a Little Rock Police Pension Supplement Program, and make a one-time distribution in September 2012, to each of the 308 members of the Fund in the amount of \$1,500.00.

Mr. Hensley said that since the money is not being provided for, or distributed by the Police Pension Fund there should not be a requirement for it to be deposited into active members DROP accounts, and recommended that it be directly distributed to them.

Business of the Funding Committee concluded at approximately 9:00 a.m.

Following discussion by the Board during the regular 9:00 a.m. meeting, Ms. Lenehan made a motion to ask the City of Little Rock to implement a Little Rock Police Pension Supplement Program, and make a one-time \$1,500.00 direct distribution to each of the 308 Pension Fund members, during the month of September 2012.

During discussion of the motion that was seconded by Mr. Hensley, Mr. Moore said he was hoping the money could be distributed to Members this summer, prior to school starting. Ms. Lenehan explained that creation of a new payroll system for the Supplement Program would be very time consuming, and since members of the Fund would be receiving the annual Police Supplement from the State during the month of July, the Finance Department could have until September to complete the payroll system project. Following discussion, the motion passed by a unanimous vote of the Board.

Director Adcock also requested that discussion items listed as A and B under the Funding Committee portion of the Agenda be carried forward and placed on the July Funding Committee meeting Agenda. She also asked that the upcoming meeting be scheduled to begin 8:30 a.m.

#### **Agenda Item #8. Report from Board Treasurer**

- A. Financial Report for May – The Treasurer submitted copies of the un-audited financial report for the month of May 31, 2012. The Income/Loss to the plan year-to-date was (\$1,458,449). The report indicated that as of May 31, 2012, the total account Fund balance including the DROP was \$41,689,693. The net income (loss) for the month of May was (\$1,241,581).

Copies of the May 31, 2012 expense and legal fee reports were also submitted. Total expenditures, excluding benefit related expenses, were \$2,147.01 for the month and \$14,873.94 year-to-date. Legal fees paid were \$930.00 year-to-date.

Mr. Hensley made a motion to approve the May financial reports. The motion was seconded by Mr. Arnold and passed by a unanimous vote of the Board.

Ms. Lenehan presented the Board with an invoice for the purchase of video equipment to record monthly meetings, in the amount of \$336.32. Mr. Harrod made a motion to approve the invoice. Mr. Arnold seconded the motion, and it passed by a unanimous vote of the Board.

Ms. Lenehan also reported that Ms. Garrett is currently behind on her Court Ordered payments to the Fund. Mr. Hensley asked Ms. Chavis what options the Fund has in dealing with Ms. Garrett's obvious violation of the Circuit Court's previous order for her to make monthly payments to the Pension Fund. Ms. Chavis told the Board that she would research the matter and provide a report at the July meeting.

- A. Report on change of membership status –Ms. Lenehan reported no changes in Membership status.
- B. PRB Report-Ms. Lenehan reported to the Board that the Pension Fund would be receiving \$1,255,401 in the State Premium Tax Allocation. She also explained that the Fund would also be receiving an additional distribution of \$418,467 from a portion of State Premium Tax Allocations that replaced the previous State Guarantee Fund, and that the State funding should arrive by July.

Ms. Lenehan further explained that each Member of the Fund would be receiving \$600.00 from the State for the Police Supplement Program and \$1,235.00 for the Future Supplement Program, therefore in July they would be paid a total of \$1,835.00. Once funding is received from the State the Pension Administrative Office will then make direct distribution to members.

Ms. Lenehan reported to the Board that she had received a report from Mr. Jody Carreiro, Actuary for the PRB, and that no interest will be paid on DROP accounts for the calendar year of 2011, because the net market value rate of return for the Fund was 0.92%.

Mr. Harrod said that DROP members of the Fund should be reminded that even though the Fund is not paying interest for the calendar year of 2011, they do have the benefit of a zero percent (0%) floor that offers a significant level of financial protection.

Mr. Hensley said that 2011 was a rare year in terms of DROP interest, and members of the Fund should be reminded that although the Pension Fund made approximately 1% for the year on approximately \$24,000,000.00 held in DROP accounts, it tends to financially strengthen the Fund which is a benefit to all members involved

#### **Agenda Item #9. Board Member Topics of Discussion**

Police Pension Fund Website – Mr. Hensley thanked Mr. Arnold for taking on the task of working on the website with Ms. Ralls. He made a motion to appoint Mr. Arnold as Website Facilitator and report to the Board each month regarding the website. Mr. Tendle seconded the motion, and it passed by a unanimous vote of the Board.

**Agenda Item #10. Fund Members Comments**

No Members present other than the Board Members.

**Agenda Item #11. Other Business**

Mr. Harrod made a motion to allow Mr. Arnold and Mr. Tendle to each purchase a computer, up to \$1,000, for Pension business. And also, have a printer installed to the desktop computer that is stored in the pension office for the Secretary. Mr. Watson seconded the motion, and it passed by a unanimous vote of the Board.

Ms. Lindsey asked the Board what could be done with the old recording system that is not being used and has been stored in their administrative offices for years. Following a discussion the Board decided to donate it for use in the City of Little Rock Studio.

**Agenda Item #12. Adjourn Meeting**

Upon conclusion of pension business, Mr. Hensley made a motion to adjourn the meeting at approximately 10:02 A.M. The motion was seconded by Mr. Watson and passed by a unanimous vote of the Board.

Respectfully Submitted,

Lee Harrod  
Board Secretary